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SUBJECT: CHINA'S ENGAGEMENT IN TANZANIA

REFS: (A) STATE 41697

(B) DAR ES SALAAM 1552

1. Per ref A, Post submits the following response. Focus areas of Chinese engagement in Tanzania include infrastructure investments and bilateral Tanzania-China business engagements, primarily in the tourism sector (see ref B). Some of the highlights of Chinese investment in Tanzania include:

-- In 2001, China pledged to continue financial and technical support for the repair and development of the Tanzania-Zambia Railway (TZR), which was originally built by the Government of China in the 1970s.

-- In 2005, the Chinese government donated to the GOT agricultural machinery worth 141 million Tanzanian shillings (approximately USD 123,615). This machinery included three heavy-duty tractors with their implements, seven power tillers with their implements, two milling machines, and two water pumping systems.

-- On June 23, 2006, Chinese Prime Minister Wen Jiabao and President Jakaya Kikwete signed five agreements to boost diplomatic ties and provide economic and technical assistance to Tanzania. The Government of China will: provide Tanzania with anti-malaria drugs and construct a malaria prevention and treatment center, explore the possibility of setting up a joint-venture factory of anti-malaria drugs with Tanzania, and provide a loan to the Tanzania-Zambia Railway Authority (TAZARA) to rehabilitate passenger cars which China helped construct approximately 30 years ago. The Government of China also pledged assistance for the renovation of the Amaan Stadium in Zanzibar, Radio Tanzania Zanzibar, STZ, broadcasting station, and for some projects in the transport and communications sectors.

-- In November 2006, Chinese President Hu Jintao and Premier Wen Jiabao met with President Kikwete and pledged assistance with generators to use coal mined from Kiwira and Mbeya regions for the production of electricity. Chinese President Jintao also pledged to continue Chinese assistance in the Chalinze water project, which is a USD 11.73 million project aimed at supplying 7,200 tons of clean water per day to 105,000 people in the Sangasanga and Ngerengere areas.

-- China donated funds, and a Chinese firm (Beijing Construction Engineering Company Limited) built a new national stadium in Dar es Salaam, which opened in 2007. The stadium meets Federation of International Football Association (FIFA) and Olympic standards and can accommodate 60,000 spectators.

-- Through Chinese support the Government of Tanzania is rehabilitating the Tanzania Zambia Railway Authority (TAZARA), a key project whose construction between 1970 and 1975 was financed by an interest-free loan from the People's Republic of China. The rail link is critical to the economies of the two countries, with Zambia mainly utilizing it for transporting its copper exports to the port of Dar-es-Salaam.

-- The Chinese firm Guangdong Construction Engineering Group Company Limited plans to set up a giant hydro-electric power plant that could reduce persistent power problems in Tanzania.

-- In August 2007, Chinese civil aviation officials traveled to Tanzania to discuss the possibility of a Chinese contract to build a new international airport at Bagamoyo, approximately 40 miles north of Dar es Salaam. The delegation also signed agreements with Tanzania establishing direct flights between China and Tanzania, plans to improve the infrastructure at the airport in Dar es Salaam and on several roads and ports, and training for Tanzanian civil aviation officials.

12. Currently, while EmbOffs maintain contacts within the Chinese Embassy and meet with them occasionally for social events, there is not much coordination and cooperation between the American and Chinese Missions.

13. The areas that would benefit from increased U.S.-China bilateral cooperation and coordination in Tanzania include the transportation, energy, and agriculture sectors. Especially in light of Tanzania's recently signed \$698-million Millennium Challenge (MCC) compact, these are the sectors in which China and the U.S. could undertake complementary projects that would have the largest impact on economic development and growth in Tanzania.

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